



Ausgold Enters into Farm-in Agreement on Doolgunna Station Project

Highlights:

- Intrepid Mines to spend minimum of \$2,150,000 over two years to earn 70% interest in Doolgunna Station Project in Western Australia
- After the spending commitment is met Ausgold will have right to retain 30% contributing interest or revert to a 20% interest free-carried to decision to mine
- Deal allows management to focus attention and resources on the flagship Katanning Gold Project

Ausgold Limited (ASX: AUC) ("Ausgold" or "the Company") is pleased to announce that it has entered into a Farm-in Agreement with Intrepid Mines Limited (ASX: IAU) ("Intrepid") on the Company's Doolgunna Station Project ("the Project"), 150km north east of Meekatharra in Western Australia's Bryah Basin.

Doolgunna Station comprises E52/3031 covering 176km² and is located approximately 13km to the west and along trend from Sandfire Resources NL's DeGrussa copper-gold operations. The Project is prospective not only for the Volcanic-Hosted Massive Sulphide (VHMS) base metal mineralisation like that found at DeGrussa but also orogenic Plutonic-style gold mineralisation.

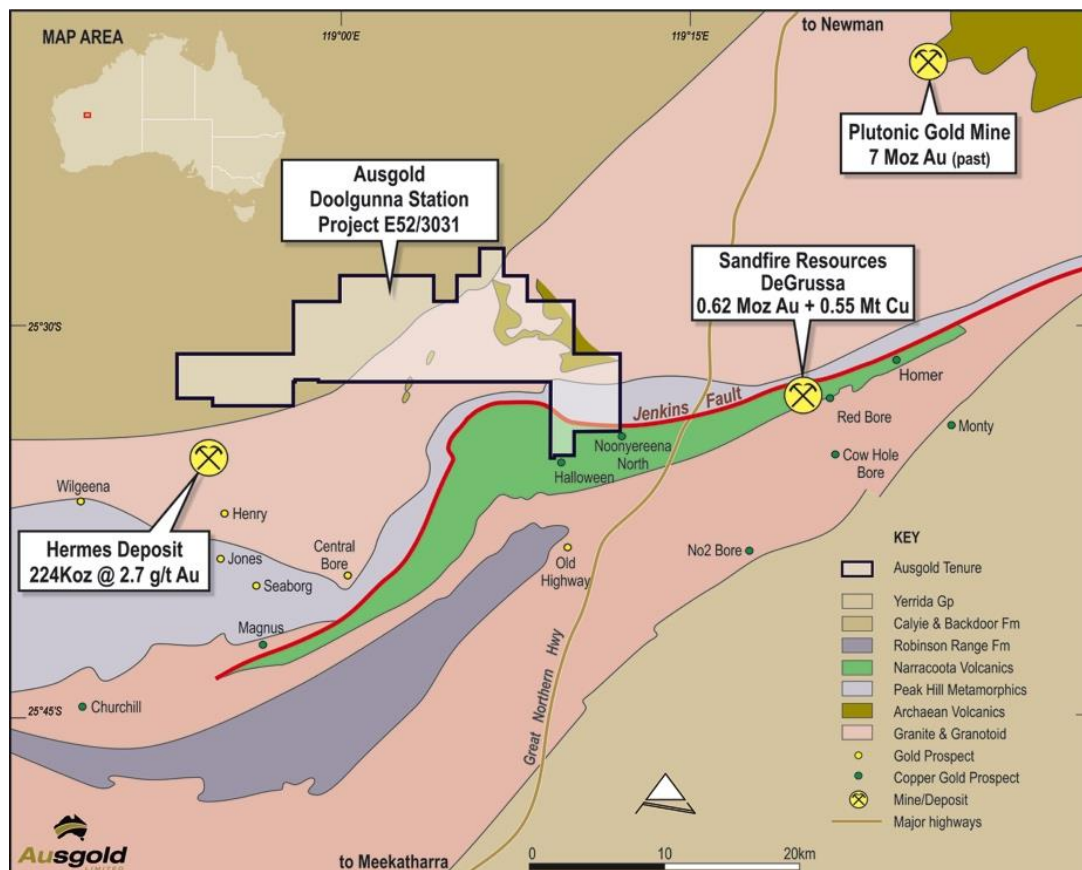


Figure 1 - Location of Ausgold's Doolgunna Station Project

The Agreement

Under the terms of the agreement:

1. Intrepid has the right to earn a 70% interest in the Project by expending \$2,150,000 (**Commitment Expenditure**) over a term of two years (Earning Period).
2. Should Intrepid wish to withdraw from the farm-in prior to meeting the Commitment Expenditure, it is obliged to pay a cash consideration equal to the minimum annual expenditure required to keep the Project in good standing less the actual expenditure incurred by Intrepid on the Project for the year in which it elects to withdraw.
3. Upon Intrepid meeting the Commitment Expenditure, Ausgold can elect to either:
 - (a) transfer a 70% interest in the Project to Intrepid and retain a 30% contributing interest in the Project for itself; or
 - (b) transfer an 80% interest in the Project to Intrepid and retain a 20% interest in the Project for itself which will be a free carried interest to a decision to mine (Sole-Funding Period).
4. With effect on and from the date of the election in clause 3, Intrepid and Ausgold will form an unincorporated joint venture for the purpose of exploration and development of the Project.
5. During the Earning Period and, if applicable, the Sole-Funding Period, Intrepid must keep the Project in good standing.

The Project

Ausgold's Doolgunna Station Project is uniquely positioned on the contact between the Archean in the north-west and Proterozoic rocks towards the south-east and prospective for both Archean Plutonic-style gold mineralisation and VHMS copper-gold mineralisation.

Orogenic Gold Potential (Plutonic-Style)

Re-interpretation of aeromagnetic data collected by Ausgold in 2010 highlights north-east striking shear bounded structural corridors that are similar to those that host Plutonic-style mineralisation. The onsite assessment during July 2017 observed a strong correlation with the interpreted north east trending structures and wide pervasive shearing, where the remnant greenstones were observed to be highly deformed and altered to chlorite-amphibolite schists, with folded and attenuated banded magnetite-silica-amphibolite (BIF) acting as more competent rock units outcrops and were common throughout the Archaean gneissic terrane. Panning of sediments from creek beds in this area returned particulate gold and highlights the need for further exploration work in this area.

VHMS Copper-Gold Potential (DeGrussa-Style)

Elevated copper values intersected in air core drilling are associated with a late northeast striking fault that has cross-cut prospective horizons for VHMS mineralisation (ASX announcements 16 June 2010, 20 September 2010 and 28 July 2017). Two horizons are considered prospective:

- The Jenkins Fault, being the tectonic contact between the Narracoota Formation and the Peak Hill Schists.
- A large magnetic and strongly conductive layer parallel body (under cover) within the Peak Hill Schists close to the tectonic boundary (mylonite thrust zone) between the Peak Hill Schists and the Archaean gneiss, granite and greenstone of the Marymia Dome.

The copper anomalism is considered to be secondary leakage haloes that have migrated along the northeast fault. Re-interpretation of VTEM and aeromagnetics flown by Ausgold (ASX announcement 9 April 2010) has highlighted untested VTEM conductors associated with the large magnetic and conductive body that lies within the Peak Hill Schists.

Management Comment

Ausgold’s Managing Director, Matthew Greentree, said:

“The farm-in agreement with Intrepid over the Doolgunna Station Project ensures the project is advanced through a well-funded exploration program over the next two years, with Intrepid spending \$2.15M to earn 70% of the project. Ausgold will retain a significant stake in the project and will potentially be free-carried through to a decision to mine. This structure allows Ausgold to focus its exploration funds on its 100%-owned Katanning Gold Project, where the Company continues to have exploration success and is progressing towards a mine development.”

About Ausgold Limited

Ausgold Limited is a gold exploration and development company based in Western Australia.

The Company’s flagship project is the Katanning Gold Project, located 275km south-east of Perth and approximately 40km north-east of the wheatbelt town of Katanning. Ausgold holds a dominant ground position in this relatively underexplored greenstone belt, an area prospective for Archean gold deposits. The current Resource at Katanning is 785,000 oz gold (Table 1).

Ausgold’s portfolio also includes the Doolgunna Station Cu-Au project and the Yamarna Ni-Cu-Co project in Western Australia and the Cracow Au Project in Queensland.

Table 1 - Current Mineral Resource
(Details in ASX release 3 August 2017)

	Tonnes (Mt)	Grade (g/t)	Ounces ('000)
Measured	3.0	1.94	190
Indicated	6.7	1.07	232
Inferred	11.2	1.01	363
Total	20.9	1.17	785

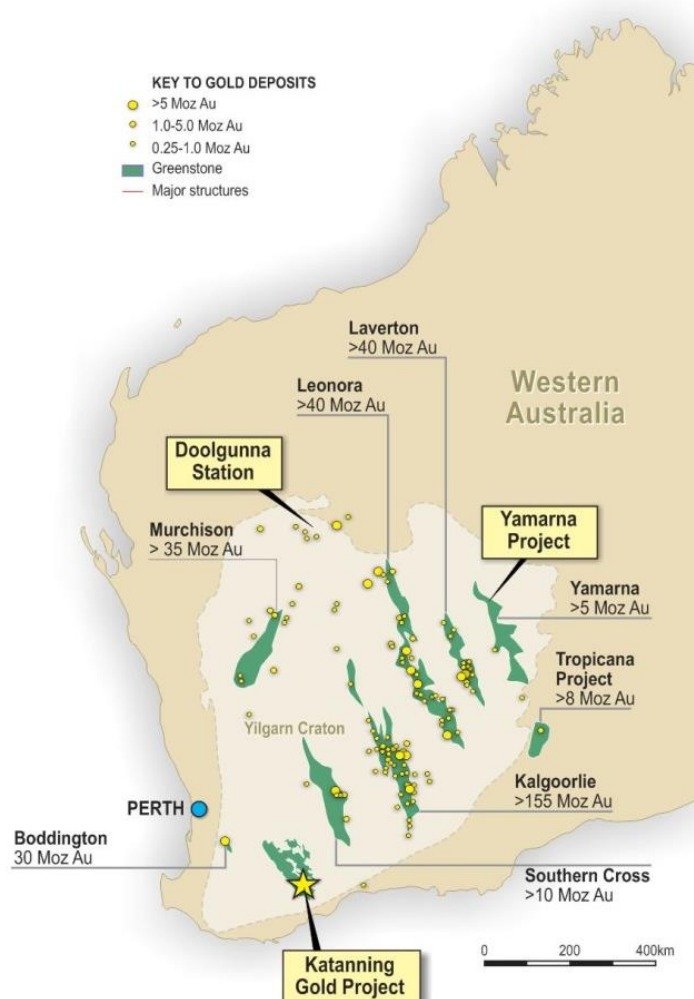


Figure 2 - Regional map showing the KGP, other Ausgold projects and mineralised greenstone belts

On behalf of the Board,

Matthew Greentree
Managing Director
Ausgold Limited

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Competent Person's Statements

The information in this statement that relates to the Mineral Resource Estimates is based on work done by Mr Rod Brown of SRK Consulting (Australasia) Pty Ltd and Dr Matthew Greentree of Ausgold Limited. Dr Greentree is Managing Director and is a Share and Option holder in Ausgold Limited. Dr Greentree takes responsibility for the integrity of the Exploration Results including sampling, assaying, and QA/QC, and the preparation of the geological interpretations. Mr Brown takes responsibility for the Mineral Resource Estimate.

Mr Brown and Dr Greentree are Members of The Australasian Institute of Mining and Metallurgy and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition).

The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

Forward-Looking Statements

This Announcement includes "forward-looking statements" as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Ausgold Limited's control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding Ausgold Limited's future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Ausgold Limited's actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for coal and base metal materials; fluctuations in exchange rates between the U.S. Dollar, and the Australian dollar; the failure of Ausgold Limited's suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Ausgold Limited. The ability of the company to achieve any targets will be largely determined by the company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into any necessary off take arrangements with reputable third parties. Although Ausgold Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.